



Request for Applications (RFA)

District of Columbia Office of the State Superintendent for Education

Office of Public Charter School Financing and Support

REVOLVING CREDIT EHHANCEMENT FUND & REVOLVING DIRECT LOAN FUND

Fund Overview

The Office of Public Charter School Financing & Support (“OPCSFS”), within the DC Office of the State Superintendent of Education (“OSSE”) offers a variety of innovative and creative programs with favorable financing terms to support the growth of high-performing public charter schools.

The OSSE has a range of financial tools to help public charter schools meet facility needs, which are available through the Office of Public Charter School Financing and Support (OPCSFS). OPCSFS funding in the form of grants, credit enhancement (loan guarantees), and loans can be used for the new construction, acquisition and rehabilitation of public charter school facilities.

The OPCSFS supports public charter school facility projects that create appropriate, safe, and economically efficient environments for the provision of high-quality public education. The OPCSFS also supports projects that contribute to the efficient use of public resources and complement other community and economic development efforts.

Through its portfolio of support programs, the OPCSFS provides “gap financing” for public charter school facility projects which are primarily supported by leveraging the facilities allowance to secure private financing and other sources. Among its financing product portfolio, the OPCSFS offers the following products to help secure financing and to provide supplemental capital that may be necessary to secure appropriate facilities and deliver a rigorous and rich education to their students.

Credit Enhancement Revolving Fund

The Credit Enhancement Revolving Fund is authorized by Section 603 (e)(3)(C)(iii) of the Student Loan Marketing Association Reorganization Act of 1996 (20 U.S.C. 1155(e)(3)(C)(iii)) and approved in accordance with D.C. Official Code §2-301.05a (Supp. 2007). The Credit Enhancement Revolving Fund

provides enhanced credit, lease guarantees, and access to financial assistance to eligible public charter schools and not-for-profits for the acquisition, renovation, and/or construction of school facilities.

Direct Loan Fund

The Direct Loan program was funded by the District of Columbia 2003 Appropriations Act to structure and provide loans to District of Columbia public charter schools for the purpose of construction, acquisition, renovation, and and/or maintenance of public charter school facilities.

Program Purpose

The purpose of the OPCSFS Credit Enhancement and Direct Loan Funds is to dramatically improve DC education outcomes by financing the development and expansion of high quality public charter school facilities through the construction and/or renovation of: 1) former DCPS schools occupied by public charter schools; or 2) “commercial market” facilities to be occupied by public charter schools in the District of Columbia.

Eligible Projects (Acquisition/Owned or Leasehold Improvements)

- Rehabilitation or Renovation of former District of Columbia Public School Building(s) to become a Charter School Facility
- Renovation of Commercial Property to become a Charter School Facility
- Construction of a Charter School Facility
- Renovation of Charter School-Occupied Facility

Eligible Applicants

Credit Enhancement

- A public charter school, holding a valid District of Columbia charter, with enrolled District of Columbia students.
- Non-profit organization that is a 501(c) (3) non-profit corporation for the benefit of public charter schools.

Direct Loan

- A public charter school, holding a valid District of Columbia charter, with enrolled District of Columbia students.

Loan Terms

Credit Enhancement

- The maximum allocation for each project shall not exceed \$2,000,000.
- Request cannot exceed 20% of total fund sources for a project.
- OPCSFS may use discretion to increase the maximum allocation and standard leverage for difficult to finance projects (i.e. leasehold improvements for former DCPS properties) or projects that will benefit a high-need area within the District of Columbia.
- Maximum term of 5 years.
- Credit Enhancement Fee negotiated at the discretion of OPCSFS.

- Credit Enhancement Reduction/Burn off negotiated at the discretion of OPCSFS.

Direct Loan

- The maximum allocation for each project shall not exceed \$2,000,000.
- Request cannot exceed 20% of total fund sources for a project
- OPCSFS may use discretion to increase the maximum allocation and standard leverage for difficult to finance projects (i.e. leasehold improvements for former DCPS properties) or projects that will benefit a high-need area within the District of Columbia.
- Maximum term of 5 years.
- Interest rate negotiated at the discretion of OPCSFS.
- Amortization negotiated at the discretion of OPCSFS.
- Reserve may be required to establish a debt service reserve fund based on a schedule outlined at the discretion of the OPCSFS and any lenders.

Source of Funding

During FY 2001, the Credit Enhancement Fund was established with \$5 million. In FY 2003, the DC Appropriations Act established the OPCSFS to administer the CE and DL Program; the first \$13 million payment was provided by Congress, which funded the creation of the Direct Loan Fund (\$5 million) and expanded the Credit Enhancement Fund (by \$8 million). Since inception, the CE and DL Program has been capitalized to \$20,000,000 for Credit Enhancements and \$34,210,000 for Direct Loans. Pending funding availability, additional amounts may be allocated to meet demand.

Award Period

This is a rolling fund. Applications are accepted or approved at any time.

Contact Persons

Name:	Faida Fuller
Title:	Program Officer
Mailing Address:	810 First Street, NE, 9 th Floor Washington, DC 20002
Telephone:	202-442-4022
Email Address:	faida.fuller@dc.gov
Name:	Stefan Huh
Title:	Director
Email Address:	stefan.huh@dc.gov

Applicants are encouraged to email questions to the contact person listed above.

Application Conferences

Semi-annual Credit Enhancement and Direct Loan Fund conferences will be held on the first Wednesday of March and September. Please call or email the Ms. Faida Fuller for conference details. Details will also be posted on this website as they become available.

Pre-Application Grant

Eligible applicants (schools that have not received grant funding from OPCSFS within the last 12 months) can receive up to \$25,000 for application and project development on a reimbursement basis. Submission of a complete application entitles the applicant to these funds. OPCSFS will award pre-application grant funding at its own discretion based on analysis/underwriting of the application and proposed project. These funds are permissible for the following uses:

- Feasibility Studies
- Development analysis
- Due diligence services
- Accounting fees
- Appraisals
- Architectural Fees
- Environmental assessments
- Finance consultants
- Market studies
- Soil testing
- Tax credit consultants
- Legal fees
- Surveys

OSSE reserves the right to review and approve or disapprove of fund uses.

Application Submission

The RFA can be downloaded from the OPCSFS website at:

<http://www.osse.dc.gov/seo/cwp/view,a,1224,q,562460.asp>

Applications should be submitted to:

Office of the State Superintendent of Education

810 First Street, NE, 9th Floor

Washington, DC 20002

Attention: Faida Fuller, Program Officer, Office of Public Charter School Financing and Support

Application Review

Upon receiving the applications, OPCSFS will:

- Perform initial application review for basic eligibility
 - Applicant Eligibility
 - Project Eligibility
 - Verification of Standing with PCSB, OSSE, and other District agencies.
 - Eligibility for Pre-Application Grant
- Request additional information and schedule an initial one-on-one meeting

- Perform financial analysis and due diligence
- Communicate with third party lenders
- Perform underwriting and advise on potential transaction/capital structuring.
- Present the funding request to the Credit Committee for approval

Evaluation Criteria

Once an application has been screened for basic eligibility, projects will be evaluated on the following criteria by OPCSFS and the Credit Committee:

- Capacity of the Applicant
- Capacity of the Development Team
- Financial Feasibility of the Project

Application Process and Deadline

This is a rolling fund. Applications are accepted and approved at any time. Application submission and approval is not a guarantee of funding.

OPCSFS Credit Enhancement and Direct Loan Fund Application

Submit a hard copy and electronic copy (Flash drive, CD, etc.) of all of the following.

COVER PAGE - See Attachment A

CHARTER SCHOOL PROFILE – no more than 10 pages

- Description of School
- Mission and History
- Program Overview
- Academic Achievement
- Student Demographics
- Professional Development
- Parental Involvement
- Management and Leadership – staff and board
- Short and Long Term Plans
- General Facility Status and Needs

NON-PROFIT ORGANIZATION PROFILE (if applicant) – no more than 5 pages

- Description of Organization
- Mission and History
- Programs and Projects
- Experience Related to Specific Project (past/present experience with charter school development/facilities)

PROJECT PROFILE – no more than 5 pages

Street Address

Description of Property/Site – at minimum should include:

- Ward
- Physical description
 - Age
 - Former use
 - Number of classrooms, if applicable
 - Square feet
 - Type of construction/renovation
- Challenges to development
- Any other relevant information

Status of Site Control: Provide a description of the present ownership status and/or current status of efforts to acquire the property.

Project Description and Projected Results: Provide a description of the following:

- Outcomes/benefits of the project (student impact, neighborhood impact, etc.)
- Proposed steps and timeline to complete the project
 - Plans, specifications, estimated costs

- Communication with neighborhood and response/results
- Development team

PROJECT FINANCING – *See Attachment B or C (Credit Enhancement and/or Direct Loan Application Form)*

- Complete and sign Attachment B or C – Application Form
- For the total project development budget, provide detail of proposed sources and uses for acquisition (if applicable), construction and permanent financing.
- Include a narrative description of the total budget and status of financing sources.
- Provide 5-year enrollment and cash flow projections and operating statements

REQUIRED SUPPORTING DOCUMENTATION

- School's current charter agreement (and any amendments) and tax identification number
- Most recent annual report
- Organizational Chart (charter school and non-profit, where applicable) and biographies of key administrators and Trustees
- Organizational documents (Articles of Incorporation, Bylaws, IRS Letters, etc.)
- Banking and trade references
- Project Budget (with assumptions)
- Current Operating Budget
- Three years historical audited financials (year-to-date quarterly financials)
- Evidence of Site Control (deed, contract of sale, option to purchase, executed lease, etc.)
- Appraisal and Environmental Report, if available
- Survey/Site Plan
- For refinancing of existing debt, provide copy of notes, collateral documents, and current balances
- Letters of Interest and/or Commitment from other Financing Sources, if applicable
- Copies of Third Party Contracts, if available

PRE-APPLICATION GRANT – *See Attachment D*